

AMENDED IN SENATE JULY 14, 2005

AMENDED IN ASSEMBLY JUNE 1, 2005

AMENDED IN ASSEMBLY MAY 26, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 964

Introduced by Assembly Member Jerome Horton

February 18, 2005

An act to amend Section 441 of, *to add Section 401.17 to*, and to add and repeal Section 1153.5 of, the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 964, as amended, Jerome Horton. Property taxation:—~~state assessment~~; certificated aircraft assessment.

(1) Existing property tax law requires that the personal property of an air carrier be taxed at its fair market value. The California Constitution requires that property that is subject to ad valorem property taxation be assessed in the county in which it is situated.

This bill would, for the 2005-06 fiscal year to the 2010-11 fiscal year, specify a formula to determine the fair market value of certificated aircraft, as specified, of a commercial air carrier. This bill would also require that this value also reflect the value of embedded software, as defined.

This bill would *also* require the Aircraft Advisory Subcommittee of the California Assessors' Association to designate, after soliciting input from commercial air carriers operating in the state, a lead county assessor's office for each commercial air carrier operating certificated aircraft in this state in an assessment year. This bill would require this

lead county assessor to calculate the value of the air carrier's personal property and to transmit these calculations to other county assessors, but would specify that each county assessor is responsible for assessing and enrolling the taxable value of the property in his or her county, as provided. This bill would also require the lead county assessor's office to lead a team to audit the books and records of a commercial air carrier and would authorize these air carriers to file a property statement solely with the lead county assessor's office, as provided.

By imposing *a new valuation process for certificated aircraft and by imposing* these new duties upon a lead county assessor's office, this bill would impose a state-mandated local program.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. (a) *The Legislature finds and declares all of the*
- 2 *following:*
- 3 (1) *A difficult and contentious property tax assessment issue*
- 4 *concerns the assessment of certificated aircraft following the*
- 5 *incident of September 11, 2001. The difficulty of measuring the*
- 6 *economic obsolescence resulting from the incident, pertaining to*
- 7 *a variety of aircraft types, many with tax situs in several*
- 8 *counties, justifies a standardized approach to the appraisal of*
- 9 *these aircraft.*
- 10 (2) *The difficulty of appraising certificated aircraft following*
- 11 *the incident has given rise to much litigation and many tax*
- 12 *appeals.*
- 13 (3) *The uncertainty created by pending litigation and appeals*
- 14 *over the assessment of airline property is disruptive to both*

1 *airline industry tax planning and local government and school*
2 *finance.*

3 *(b) It is the intent of the Legislature in enacting this act to*
4 *establish a unique methodology for the assessment of certificated*
5 *aircraft in light of the special circumstances that befell this*
6 *property and the airline industry following the September 11,*
7 *2001, incident. Specialized procedures, including the unique*
8 *valuation methodology enacted herein, are justified by the*
9 *multijurisdictional use of certificated aircraft property, and the*
10 *manner in which valuations of this property are allocated.*
11 *Therefore, in order to facilitate resolution of the disputes over*
12 *the assessment of certificated aircraft, it is the intent of the*
13 *Legislature to codify recommendations produced by a county and*
14 *airline industry working group, to establish a uniform valuation*
15 *methodology specifically designed and adopted for the unique*
16 *circumstance of certificated aircraft property.*

17 *SEC. 2. Section 401.17 is added to the Revenue and Taxation*
18 *Code, to read:*

19 *401.17. (a) For the 2005-06 fiscal year to the 2010-11 fiscal*
20 *year, inclusive, the preallocated fair market value of each make,*
21 *model, and series of mainline jets, production freighters, and*
22 *regional aircraft that has attained situs within this state is the*
23 *lesser of the amount determined under paragraph (1) or*
24 *paragraph (2).*

25 *(1) (A) The original cost for the aircraft, which shall be*
26 *determined as follows and adjusted, as applicable, under*
27 *subparagraphs (B), (C), and (D):*

28 *(i) For owned and leased aircraft, the taxpayer's or lessor's*
29 *acquisition cost, inclusive of embedded software, for that*
30 *individual aircraft reported in accordance with generally*
31 *accepted accounting principles, and to the extent not included in*
32 *the acquisition cost, transportation costs and capitalized interest*
33 *and the cost of improvements made before a transaction*
34 *described in paragraph (ii). If the original cost for leased*
35 *aircraft cannot be determined from information reasonably*
36 *available to the taxpayer, original cost may be determined by*
37 *reference to the "average new prices" column of the Airliner*
38 *Price Guide for that model, series, and year of manufacture of*
39 *aircraft. If information is not available in the "average new*
40 *prices" column for that model, series, and year, the original cost*

1 may be determined using the best indicator of original cost plus
2 all conversion costs and improvement costs incurred for that
3 aircraft.

4 (ii) For sale/leaseback or assignment of purchase rights
5 transaction aircraft, the average of the taxpayer's cost and the
6 cost established pursuant to clause (i) and the cost established in
7 a sale/leaseback or assignment of purchase rights transaction for
8 individual aircraft that transfers the benefits and burdens of
9 ownership to the lessor for United States federal income tax
10 purposes. In no event shall the original cost for sale/leaseback
11 aircraft be less than the taxpayer's acquisition cost. In the event
12 of a merger, bankruptcy, or change in accounting methods by the
13 reporting airline, there shall be a rebuttable presumption that the
14 cost of the individual aircraft and the acquisition date reported
15 by the acquired company, if available, or the cost reported prior
16 to the change in accounting method, are the original cost and the
17 applicable acquisition date.

18 (B) (i) For mainline jets and production freighters, the
19 original cost described in subparagraph (A), plus the cost of any
20 improvements not otherwise included in the original cost, shall
21 be adjusted from the date of the acquisition of the aircraft to the
22 lien date using the monthly United States Department of Labor
23 Producer Price Index for aircraft and a 20-year straight-line
24 percent-good table starting from the delivery date of the aircraft
25 to the current owner or, in the case of a sale/leaseback or
26 assignment of purchase rights transaction, as described in this
27 section, the current operator with a minimum combined factor of
28 25 percent.

29 (ii) For regional aircraft, the original cost described in
30 subparagraph (A), plus the cost of any improvements not
31 otherwise included in the original cost, shall be adjusted from the
32 date of the acquisition of the aircraft to the lien date using the
33 monthly United States Department of Labor Producer Price
34 Index for aircraft and a 16-year straight-line percent-good table
35 starting from the delivery date of the aircraft to the current
36 owner or, in the case of a sale/leaseback or assignment of
37 purchase rights transaction, as described in this section, the
38 current operator with a minimum combined factor of 25 percent.

39 (iii) If original cost is determined by reference to the Airliner
40 Price Guide "average new prices" column, the adjustments

1 required by this paragraph shall be made by setting the
2 acquisition date of the aircraft to be the date of the aircraft's
3 manufacture.

4 (C) (i) For mainline jets and regional aircraft, the assessor
5 shall analyze the adjusted original cost derived pursuant to
6 subparagraph (B), for application of an economic obsolescence
7 allowance which shall be determined as follows:

8 (I) For the applicable year, the assessor shall calculate for
9 each of these aircraft the average annual net revenue per
10 available seat mile, the net load factor, and the yield utilizing the
11 Airline Quarterly Financial Review published by the United
12 States Department of Transportation, and referring to the section
13 descriptive of the passenger airline industry, entitled "System
14 Operations, System Pax. Majors" for the calendar year ending
15 December 31 immediately preceding the applicable assessment
16 date.

17 (II) For a 10-year benchmark, the assessor shall calculate for
18 each of these aircraft as of December 31 for each of the 10
19 calendar years preceding the applicable year, the average
20 annual net revenue per available seat mile, the net load factor,
21 and the yield utilizing the Airline Quarterly Financial Review
22 published by the United States Department of Transportation,
23 and referring to the section descriptive of the passenger airline
24 industry, entitled "System Operations, System Pax. Majors" for
25 the calendar year ending December 31 immediately preceding
26 the applicable assessment date.

27 (ii) (I) The assessor shall compare each factor calculated
28 under subclause (I) of clause (i) with the corresponding factor
29 calculated under subclause (II) of clause (i) to derive the
30 percentage that each of the factors calculated under subclause
31 (I) of clause (i) deviated from the 10-year benchmark calculated
32 under subclause (II) of clause (i). The assessor shall then
33 calculate a weighted average of the indicated percentage
34 adjustments, weighted as follows:

35 (aa) Net revenue per available seat mile shall be weighted 35
36 percent.

37 (ab) Net load factor shall be weighted 35 percent.

38 (ac) Yield shall be weighted 30 percent.

39 (II) The assessor shall reduce the adjusted original costs
40 derived under subparagraph (B) by the percentage adjustment

1 *calculated in subclause (I), but only if the final economic*
2 *obsolescence determined under that subclause exceeds 10*
3 *percent, otherwise no economic obsolescence allowance shall be*
4 *provided.*

5 *(D) (i) For production freighters, the assessor shall analyze*
6 *the adjusted original cost derived under subparagraph (B), for*
7 *application of an economic obsolescence allowance, as follows:*

8 *(I) For the applicable year, the assessor shall calculate for*
9 *each of these aircraft the industry average of net revenue per*
10 *available ton mile and the ton load factor based upon the Airline*
11 *Quarterly Financial Review published by the United States*
12 *Department of Transportation, and referring to the section*
13 *descriptive of the cargo airline industry, entitled "System*
14 *Operations, System Cargo Majors" for the calendar year ending*
15 *December 31 preceding the relevant assessment date.*

16 *(II) For a 10-year benchmark, the assessor shall calculate for*
17 *each of these aircraft as of December 31 for each of the 10*
18 *calendar years preceding the applicable year, the net revenue*
19 *per available ton mile and the ton load factor utilizing the Airline*
20 *Quarterly Financial Review published by the United States*
21 *Department of Transportation and referring to the section*
22 *descriptive of the cargo airline industry, entitled "System*
23 *Operations, System Cargo Majors" as of December 31 for each*
24 *of the 10 calendar years preceding the calendar year utilized for*
25 *the subject year, for the calendar year ending December 31*
26 *immediately preceding the applicable assessment date.*

27 *(ii) (I) The Assessor shall compare each factor calculated*
28 *under subclause (I) of clause (i) with the corresponding factor*
29 *calculated under subclause (II) of clause (i) to derive the*
30 *percentage that each of the factors calculated under subclause*
31 *(I) of clause (i) deviated from the 10-year benchmark calculated*
32 *under subclause (II) of clause (i). The assessor shall then*
33 *calculate a weighted average of the indicated percentage*
34 *adjustments so that the net revenue per available ton mile is*
35 *weighted 50 percent and the ton load factor is weighted 50*
36 *percent.*

37 *(II) The assessor shall reduce the adjusted original costs*
38 *derived under subparagraph (B) by the percentage adjustment*
39 *calculated in subclause (I), but only if the final economic*
40 *obsolescence determined under that subclause exceeds 10*

1 *percent, otherwise no economic obsolescence allowance shall be*
2 *provided.*

3 *(2) (A) Except as otherwise provided in subparagraph (B), for*
4 *each individual mainline jet, production freighter, or regional*
5 *aircraft, the assessor shall identify the value referenced in the*
6 *“Used Price of Avg. Acft. Wholesale” column of the Winter*
7 *Edition of the Airliner Price Guide by make, model, series, and*
8 *year of manufacture, and deduct 10 percent from that value for a*
9 *fleet discount.*

10 *(B) For each individual mainline jet, production freighter, or*
11 *regional aircraft that is less than two years old and for which the*
12 *Airliner Price Guide does not list used wholesale values, the*
13 *original cost determined under paragraph (1) of subparagraph*
14 *(A) shall be decreased by the lesser of 5 percent or one-half of*
15 *the percentage decrease between original cost and 90 percent of*
16 *the value listed in the “Used Price of Avg. Acft. Wholesale”*
17 *column of the Winter Edition of the Airliner Price Guide for a*
18 *two-year old aircraft of that same make, model, and series.*

19 *(b) For the 2005-06 fiscal year to the 2010-11 fiscal year,*
20 *inclusive, the preallocated fair market value for each make,*
21 *model, and series of converted freighters that has attained situs*
22 *within this state shall be determined as follows:*

23 *(1) (A) The assessor shall begin his or her appraisal of a*
24 *converted freighter as of the relevant lien date by identifying the*
25 *aircraft’s original cost as a passenger aircraft prior to*
26 *conversion. The aircraft’s original cost as a converted freighter*
27 *shall be the lesser of:*

28 *(i) Its trended original cost as a passenger aircraft prior to*
29 *conversion, less a downward adjustment of 10 percent to reflect*
30 *tear outs.*

31 *(ii) Its value described in the Winter Edition of the Airliner*
32 *Price Guide in the “Used Price of Avg. Acft. Wholesale” column*
33 *in passenger configuration, less a downward adjustment of 10*
34 *percent to reflect tear outs.*

35 *(B) The amount determined under subparagraph (A) shall be*
36 *adjusted according to the following:*

37 *(i) If, on the relevant lien date, the frame of the aircraft is 15*
38 *years old or more, 50 percent of the cost to convert the aircraft*
39 *to a freighter shall be added to the value determined under*
40 *subparagraph (A).*

1 (ii) If, on the relevant lien date, the frame of the aircraft is less
2 than 15 years old, 75 percent of the cost to convert the aircraft to
3 a freighter shall be added to the value determined under
4 subparagraph (A).

5 (iii) In addition, all other improvements, including capitalized
6 interest, to the aircraft that are not otherwise included in the
7 aircraft's original and conversion costs shall be added at full
8 value.

9 (2) The amount determined under paragraph (1) shall be
10 adjusted from the date of the conversion of the aircraft to the lien
11 date using the monthly United States Department of Labor
12 Producer Price Index for aircraft and a 16-year straight-line
13 percent-good table, however, the percent-good applied to the
14 aircraft shall in no event be less than 15 percent.

15 (3) If that Airliner Price Guide "Used Price of Avg. Acft.
16 Wholesale" is utilized under paragraph (1), only the
17 improvements and adjusted conversion costs pertaining to the
18 converted freighter shall be adjusted from the date of the
19 conversion of the aircraft to the relevant lien date using the
20 monthly United States Department of Labor Producer Price
21 Index for aircraft and a 16-year straight-line percent-good table.
22 In no event, however, shall the percent-good applied to the
23 improvements and adjusted conversion costs be less than 15
24 percent.

25 (4) (A) Except as otherwise provided in subparagraph (B), the
26 assessor shall reduce the adjusted original cost, plus
27 improvements, and adjusted conversion costs, derived under
28 paragraphs (1) to (3), inclusive, by the obsolescence percentage
29 adjustment calculated for production freighters under
30 subparagraph (D) of paragraph (1) of subdivision (a).

31 (B) If the Airliner Price Guide "Used Price of Avg. Acft.
32 Wholesale" is utilized under paragraph (1), only the
33 improvements and adjusted conversion costs pertaining to the
34 converted freighter shall be reduced by the obsolescence
35 percentage adjustment described in subparagraph (A).

36 (c) For purposes of this section, if the Airliner Price Guide
37 ceases to be published or the format significantly changes, a
38 guide or adjustment agreed to by commercial air carriers and
39 the counties in which certificated aircraft have situs shall be
40 substituted. If these parties do not agree on a guide or

1 *adjustment, the State Board of Equalization shall determine the*
2 *guide or adjustment.*

3 *(d) The taxpayer shall, to the extent that information is*
4 *reasonably available to the taxpayer, furnish the county assessor*
5 *with an annual property statement that includes the aircraft*
6 *original costs as defined in subparagraph (A) of paragraph (1) of*
7 *subdivision (a). If an air carrier that has this information*
8 *reasonably available to it fails to report original cost and*
9 *improvements, as required by Sections 441 and 442, an assessor*
10 *may in that case make an appropriate assessment pursuant to*
11 *Section 501.*

12 *(e) For purposes of this section, all of the following apply:*

13 *(1) "Converted freighter" means a certificated aircraft, as*
14 *defined in Section 1150, that, following its original manufacture,*
15 *was used for passenger transportation, but was later converted*
16 *to be used primarily for cargo transportation purposes.*

17 *(2) "Embedded software" means that software installed in the*
18 *manufacture and outfitting of commercial aircraft that is*
19 *reasonably related to its ordinary, safe, and effective operation.*

20 *(3) "Mainline jet" means a certificated aircraft, as defined in*
21 *Section 1150, that is either of the following:*

22 *(A) Manufactured by Boeing, Airbus, or McDonnell Douglas.*

23 *(B) Capable of being configured with approximately 100 seats*
24 *or more.*

25 *(4) "Production Freighter" means a certificated aircraft, as*
26 *defined in Section 1150, that immediately following its*
27 *manufacture is deployed primarily for cargo transportation*
28 *purposes.*

29 *(5) "Regional aircraft" means a certificated aircraft, as*
30 *defined in Section 1150, that is either of the following:*

31 *(A) Manufactured by ATR (Avions De Transport Regional),*
32 *Beech, British Aerospace Jetstream, Canadair Regional Jet,*
33 *Cessna, DeHaviland, Embraer, Fairchild, or Saab.*

34 *(B) Generally configured with fewer than 100 seats.*

35 *(6) "Improvements" means the cost of any modifications or*
36 *capital additions that materially add to the value of or*
37 *substantially prolong the useful life of the aircraft, or make it*
38 *adaptable to a different use. "Improvements" include*
39 *modification costs incurred during a heavy maintenance visit to*
40 *the extent that they materially add to the value of or substantially*

1 *prolong the useful life of the aircraft. "Improvements" do not*
2 *include repair and maintenance costs incurred for the purpose of*
3 *keeping the aircraft in an ordinarily efficient operating*
4 *condition.*

5 (7) *"Net revenue per available seat mile" means operating*
6 *revenue per available seat mile less cost per available seat mile*
7 *as determined by the United States Department of*
8 *Transportation.*

9 (8) *"Net load factor" means actual passenger load factor less*
10 *breakeven passenger load factor, as determined by the United*
11 *States Department of Transportation.*

12 (9) *"Net revenue per available ton mile" means operating*
13 *revenue per ton mile less cost per available ton mile as*
14 *determined by the United States Department of Transportation.*

15 (10) *"Yield" means average revenue per revenue passenger*
16 *mile as determined by the United States Department of*
17 *Transportation.*

18 (11) *"Ton Load Factor" means that percentage of effective*
19 *use of cargo capacity as determined by the United States*
20 *Department of Transportation.*

21 **SECTION 1.—**

22 *SEC. 3.* Section 441 of the Revenue and Taxation Code is
23 amended to read:

24 441. (a) Each person owning taxable personal property, other
25 than a manufactured home subject to Part 13 (commencing with
26 Section 5800), having an aggregate cost of one hundred thousand
27 dollars (\$100,000) or more for any assessment year shall file a
28 signed property statement with the assessor. Every person
29 owning personal property that does not require the filing of a
30 property statement or real property shall, upon request of the
31 assessor, file a signed property statement. Failure of the assessor
32 to request or secure the property statement does not render any
33 assessment invalid.

34 (b) The property statement shall be declared to be true under
35 the penalty of perjury and filed annually with the assessor
36 between the lien date and 5 p.m. on April 1. The penalty
37 provided by Section 463 applies for property statements not filed
38 by May 7. If May 7 falls on a Saturday, Sunday, or legal holiday,
39 a property statement that is mailed and postmarked on the next
40 business day shall be deemed to have been filed between the lien

1 date and 5 p.m. on May 7. If, on the dates specified in this
2 subdivision, the county's offices are closed for the entire day,
3 that day is considered a legal holiday for purposes of this section.

4 (c) The property statement may be filed with the assessor
5 through the United States mail, properly addressed with postage
6 prepaid. For purposes of determining the date upon which the
7 property statement is deemed filed with the assessor, the date of
8 postmark as affixed by the United States Postal Service, or the
9 date certified by a bona fide private courier service on the
10 envelope containing the application, shall control. This
11 subdivision shall be applicable to every taxing agency, including,
12 but not limited to, a chartered city and county, or chartered city.

13 (d) (1) At any time, as required by the assessor for assessment
14 purposes, every person shall make available for examination
15 information or records regarding his or her property or any other
16 personal property located on premises he or she owns or controls.
17 In this connection details of property acquisition transactions,
18 construction and development costs, rental income, and other
19 data relevant to the determination of an estimate of value are to
20 be considered as information essential to the proper discharge of
21 the assessor's duties.

22 (2) (A) This subdivision shall also apply to an owner-builder
23 or an owner-developer of new construction that is sold to a third
24 party, is constructed on behalf of a third party, or is constructed
25 for the purpose of selling that property to a third party.

26 (B) The owner-builder or owner-developer of new
27 construction described in subparagraph (A), shall, within 45 days
28 of receipt of a written request by the assessor for information or
29 records, provide the assessor with all information and records
30 regarding that property. The information and records provided to
31 the assessor shall include the total consideration provided either
32 by the purchaser or on behalf of the purchaser that was paid or
33 provided either, as part of or outside of the purchase agreement,
34 including, but not limited to, consideration paid or provided for
35 the purchase or acquisition of upgrades, additions, or for any
36 other additional or supplemental work performed or arranged for
37 by the owner-builder or owner-developer on behalf of the
38 purchaser.

39 (e) In the case of a corporate owner of property, the property
40 statement shall be signed either by an officer of the corporation

1 or an employee or agent who has been designated in writing by
2 the board of directors to sign the statements on behalf of the
3 corporation.

4 (f) In the case of property owned by a bank or other financial
5 institution and leased to an entity other than a bank or other
6 financial institution, the property statement shall be submitted by
7 the owner bank or other financial institution.

8 (g) The assessor may refuse to accept any property statement
9 he or she determines to be in error.

10 (h) If a taxpayer fails to provide information to the assessor
11 pursuant to subdivision (d) and introduces any requested
12 materials or information at any assessment appeals board
13 hearing, the assessor may request and shall be granted a
14 continuance for a reasonable period of time. The continuance
15 shall extend the two-year period specified in subdivision (c) of
16 Section 1604 for a period of time equal to the period of the
17 continuance.

18 (i) Notwithstanding any other provision of law, every person
19 required to file a property statement pursuant to this section shall
20 be permitted to amend that property statement until May 31 of
21 the year in which the property statement is due, for errors and
22 omissions not the result of willful intent to erroneously report.
23 The penalty authorized by Section 463 does not apply to an
24 amended statement received prior to May 31, provided the
25 original statement is not subject to penalty pursuant to
26 subdivision (b). The amended property statement shall otherwise
27 conform to the requirements of a property statement as provided
28 in this article.

29 (j) This subdivision shall apply to the oil, gas, and mineral
30 extraction industry only. Any information that is necessary to file
31 a true, correct, and complete statement shall be made available
32 by the assessor, upon request, to the taxpayer by mail or at the
33 office of the assessor by February 28. For each business day
34 beyond February 28 that the information is unavailable, the filing
35 deadline in subdivision (b) shall be extended in that county by
36 one business day, for those statements affected by the delay. In
37 no case shall the filing deadline be extended beyond June 1 or the
38 first business day thereafter.

39 (k) The assessor may accept the filing of a property statement
40 by the use of electronic media. In lieu of the signature required

by subdivision (a) and the declaration under penalty of perjury required by subdivision (b), property statements filed using electronic media shall be authenticated pursuant to methods specified by the assessor and approved by the board. Electronic media includes, but is not limited to, computer modem, magnetic media, optical disk, and facsimile machine.

~~(f) (1) If authorized by the Aircraft Advisory Subcommittee of the California Assessors' Association, a commercial air carrier whose certificated aircraft, as defined in Section 1150, is subject to Article 6 (commencing with Section 1150) of Chapter 5 may, in lieu of filing a property statement for its certificated aircraft in every county in which it operates, file one signed property statement for the aircraft types that have acquired situs in California for property tax purposes with the lead county assessor's office designated under Section 1153.5.~~

(l) (1) After receiving the notice required by paragraph (5) of subdivision (b) of Section 1153.5, a commercial air carrier whose certificated aircraft is subject to Article 6 (commencing with Section 1150) of Chapter 5 shall file with the lead county assessor's office designated under Section 1153.5 one signed property statement for its personal property at airport locations and fixtures at airport locations.

(2) Each commercial air carrier may file one schedule for all of its certificated aircraft that have acquired situs in this state under Section 1151.

(3) Flight data required to compute certificated aircraft allocation under Section 1152 and subdivision (g) of Section 202 of Title 18 of the California Code of Regulations shall be segregated by airport location.

(4) Beginning with the 2006 assessment year, a commercial air carrier may file a statement described in this subdivision electronically by means of the California Assessor's Standard Data Record (SDR) network. If the SDR is not equipped to accept electronic filings for the 2006 assessment year, an air carrier may file a printed version of its property statement for that year with its lead county assessor's office.

(5) This subdivision shall remain in effect only until December 31, 2011, and as of that date is repealed.

1 ~~SEC. 2.—~~

2 *SEC. 4.* Section 1153.5 is added to the Revenue and Taxation
3 Code, to read:

4 1153.5. (a) The Aircraft Advisory Subcommittee of the
5 California Assessors' Association shall, after soliciting input
6 from commercial air carriers operating in the state, do both of the
7 following:

8 (1) On or before March 1, 2006, and on or before each March
9 1 thereafter, designate a lead county assessor's office for each
10 commercial air carrier operating certificated aircraft in this state
11 in that assessment year.

12 (2) Every third year thereafter, redesignate a lead county
13 assessor's office for each of these air carriers, unless an air
14 carrier and its existing lead county assessor's office concur to
15 waive this redesignation.

16 (b) The lead county assessor's office described in subdivision
17 (a) shall do all of the following:

18 (1) Calculate an unallocated value of the certificated aircraft of
19 each commercial air carrier to which he or she is designated.

20 (2) Electronically transmit to the assessor of each county in
21 which the property described in paragraph (1) has situs for the
22 assessment year the values determined by the lead county
23 assessor's office under paragraph (1).

24 (3) Receive the property statement, as described in subdivision
25 (I) of Section 441, of each commercial air carrier to which he or
26 she is designated.

27 (4) Lead the audit team described in subdivision (d) when that
28 team is conducting an audit of a commercial air carrier to which
29 he or she is designated.

30 (5) Notify, in writing, each commercial air carrier for which he
31 or she has been designated of this designation on or before the
32 first March 15 that follows that designation.

33 (c) (1) Notwithstanding subdivision (b), the county assessor
34 of each county in which the personal property of a commercial
35 air carrier has situs for an assessment year is solely responsible
36 for assessing that property, applying the allocation formula set
37 forth in Section 1152, and enrolling the value of the property in
38 that county, but, in determining the unallocated fleet value for
39 each make, model, and series of certificated aircraft of a
40 commercial air carrier, the assessor may consult with the lead

1 county assessor's office designated for that commercial air
2 carrier.

3 (2) The lead county assessor's office is subject to Section 322
4 of Title 18 of the California Code of Regulations and Sections
5 408, 451, and 1606 to the same extent as the assessor described
6 in paragraph (1).

7 (d) Notwithstanding Section 469, an audit of a commercial air
8 carrier shall be conducted once every four years on a centralized
9 basis by an audit team of auditor-appraisers from at least one, but
10 not more than three, counties, as determined by the Aircraft
11 Advisory Subcommittee of the California Assessors'
12 Association. An audit, so conducted, shall encompass all of the
13 California Personal Property and fixtures of the air carrier and is
14 deemed to be made on behalf of each county for which an audit
15 would otherwise be required under Section 469.

16 (e) This section shall remain in effect only until December 31,
17 2011, and as of that date is repealed.

18 *SEC. 5. The provisions of this measure are severable. If any*
19 *provision of this measure or its application is held invalid, that*
20 *invalidity shall not affect other provisions or applications that*
21 *can be given effect without the invalid provision or application.*

22 ~~SEC. 3.—~~

23 *SEC. 6.* If the Commission on State Mandates determines that
24 this act contains costs mandated by the state, reimbursement to
25 local agencies and school districts for those costs shall be made
26 pursuant to Part 7 (commencing with Section 17500) of Division
27 4 of Title 2 of the Government Code.